

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6836

BILL NUMBER: HB 1300

NOTE PREPARED: Jan 13, 2014

BILL AMENDED:

SUBJECT: Dairy Products.

FIRST AUTHOR: Rep. Lehe

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that certain notices concerning animal health, animal products, milk products, and livestock brands may be sent by mail. (Current law requires any mailings to be by registered or certified mail.) It provides that a bulk milk hauler/sampler permit expires two years after the most recent inspection. It replaces the grader permit with an approved industry plant sampler at certain facilities that transfer raw milk. It specifies when certain milk samples must be collected. It changes the protocols, procedures, and penalties that may be used to prevent drug residue violations. It removes the prohibition of serving certain milk products that have not been maintained at certain temperatures. The bill also removes certain drainage requirements for iced milk products.

The bill changes an organization that elects members to the Creamery Examining Board. It establishes procedures to appoint members on the Creamery Examining Board if the appointing organization is unable to elect a member. It allows the Creamery License Division to inspect records or collect data on the quantity of milk and cream in plants. It removes the requirement that all standard Babcock testing glassware must be inspected by Purdue University. The bill also removes the temporary permit to test or sample and weigh either milk or cream.

The bill makes a technical correction and it makes conforming changes.

Effective Date: July 1, 2014.

Explanation of State Expenditures: *Board of Animal Health:* This bill could result in minimal expenditure savings (about \$800 annually) for the Board of Animal Health by specifying that certain notices may be sent by mail instead of requiring them to be sent by registered or certified mail.

Creamery Examining Board and Creamery License Division: This bill will likely have minimal impact on the Creamery Examining Board and the Creamery License Division at Purdue University. Allowing the Creamery License Division to collect data on the quantity of milk and cream in plants will assist them in carrying out their responsibilities concerning the sampling and measuring of milk and cream and is not anticipated to increase administrative workload.

This bill also removes the requirement that all standard Babcock testing glassware be inspected by Purdue University. According to the Creamery License Division, Purdue University does not currently inspect or calibrate Babcock testing glassware, and so there are no fees currently charged. The Creamery License Division's operating expenses are paid from revenue from licensing and inspection fees, and the assessment (\$.025 per 100 pounds for milk) paid each May by Indiana dairy producers.

Explanation of State Revenues: This bill would likely result in a minimal reduction of revenue from fines by amending the penalties used to prevent drug residue violations. It is estimated that most, if not all, of the fines collected for this purpose will no longer be collected. As of December 22, 2013, \$2,901 has been collected in penalties for FY 2014. The average revenue from these penalties was about \$2,100 from FY 2011 through FY 2013. The revenue is deposited in the Dairy Drug Residue Abatement Fund.

This bill should have no impact on testing fees by changing a temporary permit to new license in statute. The Creamery License Division currently refers to the temporary permit as a new license and the fee set in statute (\$30) for the temporary permit is the same that is charged for a new license.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Board of Animal Health; Creamery Examining Board; Creamery License Division at Purdue University.

Local Agencies Affected:

Information Sources: Gary Haynes, Board of Animal Health, 317-544-2412; Christy Coon, Creamery License Division, 765-494-8289.

Fiscal Analyst: Jessica Harmon, 317-232-9854.